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**1990/11/16**

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AN: D901077-0642

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EXCISE

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ACTION H-03

INFO LOG-00 ADS-00 AIT-03 EAP-01 SS-01 /008W  
-----1D6FBC 160946Z /64

P R 160941Z NOV 90

FM AMCONSUL SHANGHAI

TO SECSTATE WASHDC PRIORITY 5443

INFO RUEHBJ/AMEMBASSY BEIJING

AMEMBASSY TOKYO DEPARTMENT OF STATE

IS/FPC/CDR/Date. 10/31/96

AMCONSUL GUANGZHOU ( ) RELEASE ( ) DECLASSIFY

AMCONSUL SHENYANG ( ) EXCISE ( ) DECLASSIFY

AMCONSUL HONG KONG ( ) DENY IN PART

AIT TAIPEI 0557

FOIA Exemptions

PA Exemptions

EO Citations

TS authority to.

( ) CLASSIFY as ( ) S or ( ) C

( ) DOWNGRADE TS to ( ) S or ( ) C

CONFIDENTIAL SECTION 01 OF 03 SHANGHAI 08824

BEIJING PASS CHENGDU

E.O. 12356: DECL: OADP

TAGS: PREL, PHUM, ECON, CH

SUBJECT: CODEL OXLEY'S MEETING WITH SHANGHAI MAYOR ZHU RONGJI

REF: A) BEIJING 36514 B) BEIJING 36583 C) SHANGHAI 8659

1. CONFIDENTIAL - ENTIRE TEXT.

2. SUMMARY:

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3. CODEL OXLEY VISITED SHANGHAI NOVEMBER 14-16 FOLLOWING THEIR VISIT TO BEIJING (REFS A AND B). THE HIGHLIGHT OF THEIR VISIT WAS THEIR NOVEMBER 16 MEETING WITH SHANGHAI PARTY SECRETARY/MAYOR ZHU RONGJI. THE CODEL'S SHANGHAI PROGRAM ALSO FEATURED A RECEPTION HOSTED BY THE CG THAT DREW STRONG ATTENDANCE BY LEADING SHANGHAI GOVERNMENT OFFICIALS, ACADEMICS, AND REPRESENTATIVES OF THE AMERICAN BUSINESS COMMUNITY; DISCUSSIONS WITH THE CHIEFS OF THE SHANGHAI FOREIGN INVESTMENT COMMISSION AND POWER CONSTRUCTION BUREAU; AND A VISIT TO THE MCDONNELL DOUGLAS/SHANGHAI AIRCRAFT INDUSTRY CORPORATION COPRODUCTION FACILITY. THIS CABLE SUMMARIZES THE MAIN POINTS RAISED IN THE CODEL'S MEETING WITH ZHU, ATTENDED ALSO BY CG AND CONGENOFF.

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YANG WEI  
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4. CONGRESSMAN RHODES RAISED THE CASE OF YANG WEI, A FORMER STUDENT AT THE UNIVERSITY OF ARIZONA, WHO WAS JAILED FOR "COUNTER-REVOLUTIONARY" ACTIVITIES IN 1987 CONNECTED TO STUDENT DEMONSTRATIONS, RELEASED, AND DETAINED AGAIN IN JULY 1989 FOR HIS PARTICIPATION IN THE PRO-CONFIDENTIAL

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DEMOCRACY MOVEMENT. RHODES, NOTING THAT YANG'S WIFE WAS IN THE UNITED STATES AND HAD NOT HEARD FROM HIM, ASKED ZHU FOR HIS ASSISTANCE IN PROVIDING DETAILS ABOUT YANG: THE CHARGES AGAINST HIM, HIS STATUS BEFORE THE COURT, THE POSSIBILITY OF RELEASE, AND THE STATE OF HIS HEALTH.

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JUNE 4

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6. CONGRESSMAN SHAW NOTED THAT THE CODEL HAD RAISED WITH BEIJING LEADERS THE JUNE 4 SUPPRESSION OF THE DEMOCRACY MOVEMENT NOT TO INTERFERE IN CHINA'S INTERNAL AFFAIRS BUT TO VOICE THE CONCERNS OF THE AMERICAN PEOPLE. THE EVENTS OF JUNE 4 HAD CAUSED GREAT CONCERN TO AMERICAN INVESTORS AND TO CONGRESS, AS SHOWN IN THE DEBATE OVER MFN. SHAW SPECULATED THAT THE DEMONSTRATIONS MIGHT HAVE BEEN A FOOTNOTE IN HISTORY HAD THEY BEEN HANDLED IN BEIJING AS THEY WERE IN SHANGHAI. ALTHOUGH THE MAYOR'S JURISDICTION WAS LIMITED, SHAW THOUGHT THERE WAS NO QUESTION HE COULD BE INFLUENTIAL IN REFLECTING TO THE BEIJING LEADERSHIP THE IMPACT OF POLITICAL PRISONERS ON IN-

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VESTMENT AND OTHER ISSUES.

7. ZHU REPLIED THAT HE HAD BEEN ASKED MANY TIMES ABOUT JUNE 4 AND DETAINEES DURING HIS JULY VISIT TO THE UNITED STATES.

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FM AMCONSUL SHANGHAI  
TO SECSTATE WASHDC PRIORITY 5444  
INFO RUEHBJ/AMEMBASSY BEIJING  
AMEMBASSY TOKYO  
AMCONSUL GUANGZHOU  
AMCONSUL SHENYANG  
AMCONSUL HONG KONG  
AIT TAIPEI 0558

C O N F I D E N T I A L SECTION 02 OF 03 SHANGHAI 08824

AUTHORITIES HAD RECENTLY RELEASED WRITER WANG RUOWANG, —

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FOREIGN INVESTMENT AND TRADE  
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IN RESPONSE TO A QUESTION FROM CONGRESSMAN DARDEN,  
ZHU DESCRIBED RECENT TRENDS IN SHANGHAI FOREIGN  
INVESTMENT. AFTER JUNE 4, THE U.S. PERCENTAGE OF  
SHANGHAI FOREIGN INVESTMENT HAD GONE DOWN WHILE

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HONG KONG'S H RISEN, RESULTING IN HONG KONG REPLACING THE U.S. AS THE NUMBER ONE INVESTOR IN THE MUNICIPALITY. THE SITUATION WAS IMPROVING, AND MANY LARGE FIRMS LIKE FLUOR, DUPONT, JOHNSON AND JOHNSON, AND JOHNSON WAX WERE EXPANDING THEIR ACTIVITIES IN SHANGHAI. ZHU SAID THE U.S. WAS SHANGHAI'S SECOND LEADING TRADING PARTNER AFTER JAPAN AND HOPED BILATERAL TRADE WOULD INCREASE. HE PRAISED EXIMBANK'S RECENT LOAN GUARANTEES FOR TWO PROJECTS IN SHANGHAI. ZHU THOUGHT COOPERATION BETWEEN THE U.S. AND SHANGHAI HAD BEEN AND CONTINUED TO BE IMPORTANT, WITH GOOD PROSPECTS FOR THE FUTURE.

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ZHU'S JAPAN PROBLEM  
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SHANGHAI AND HONG KONG  
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10. CONGRESSMAN LIGHTFOOT ASKED ABOUT THE IMPACT OF 1997 ON HONG KONG'S RELATIONS WITH SHANGHAI. ZHU SAID COOPERATION BETWEEN THE TWO CITIES WOULD CONTINUE. SHANGHAI WAS MORE ADVANCED THAN HONG KONG IN THE HIGH-TECH AREA, BUT NEEDED CAPITAL AND HONG KONG'S ASSISTANCE IN DEVELOPING BANKING AND THE SERVICE SECTOR. SHANGHAI'S STRONG POINTS WERE HONG KONG'S WEAKNESSES AND VICE VERSA. HE PREDICTED THAT THIS COMPLEMENTARY RELATIONSHIP WOULD CONTINUE AND WAS CONVINCED HONG KONG WOULD

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12. THE CODEL HAD NO OPPORTUNITY TO SEE THIS MESSAGE BEFORE DEPARTURE.

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AMEMBASSY TOKYO  
AMCONSUL GUANGZHOU  
AMCONSUL SHENYANG  
AMCONSUL HONG KONG  
AIT TAIPEI 0559

C O N F I D E N T I A L SECTION 03 OF 03 SHANGHAI 08824

E.O.  
SUBJ  
WARDLAW

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